

Overview of the FY 2016 Proposed Budget

Presented to the members of the
City of Burlington Board of Finance

May 27, 2015

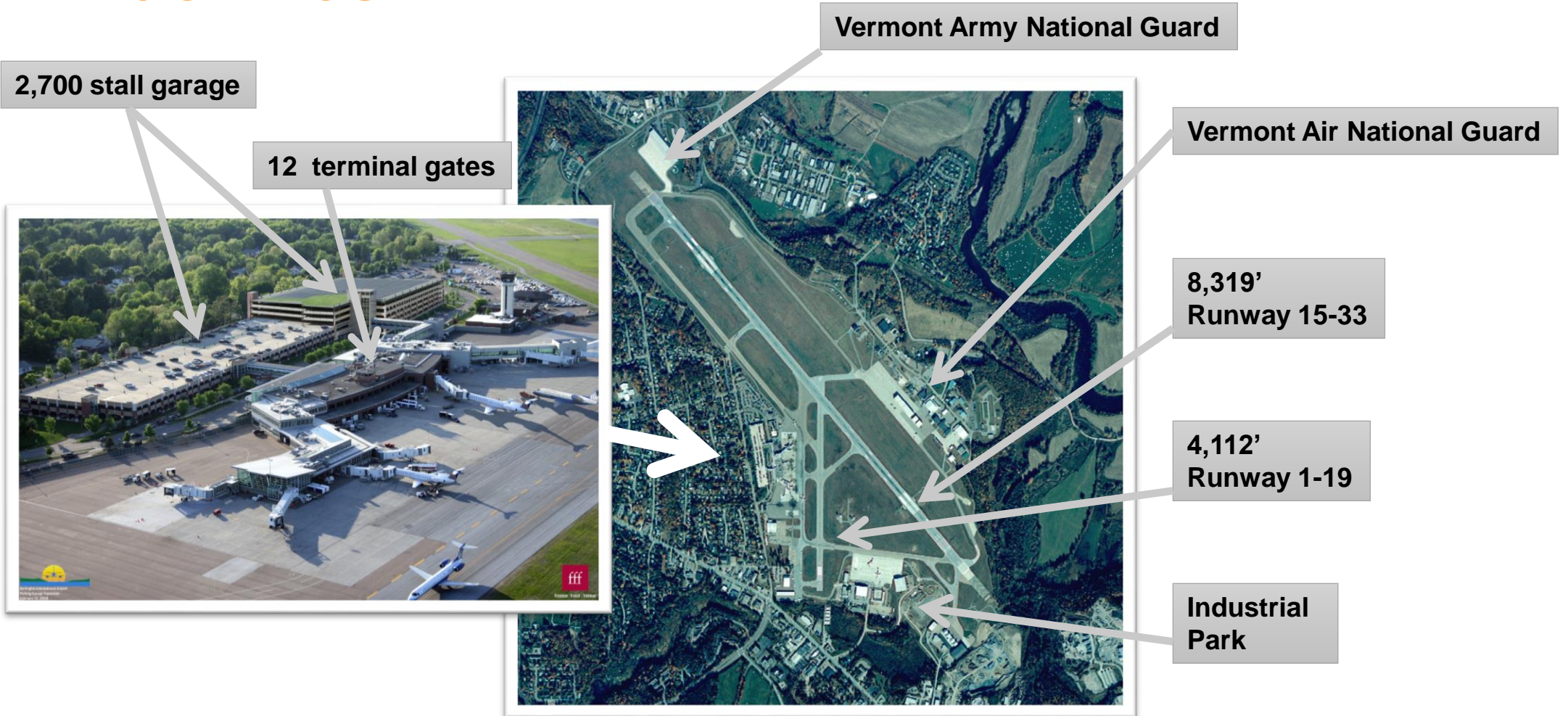
BURLINGTON INTERNATIONAL AIRPORT



BTV

TRAVEL ELEVATED

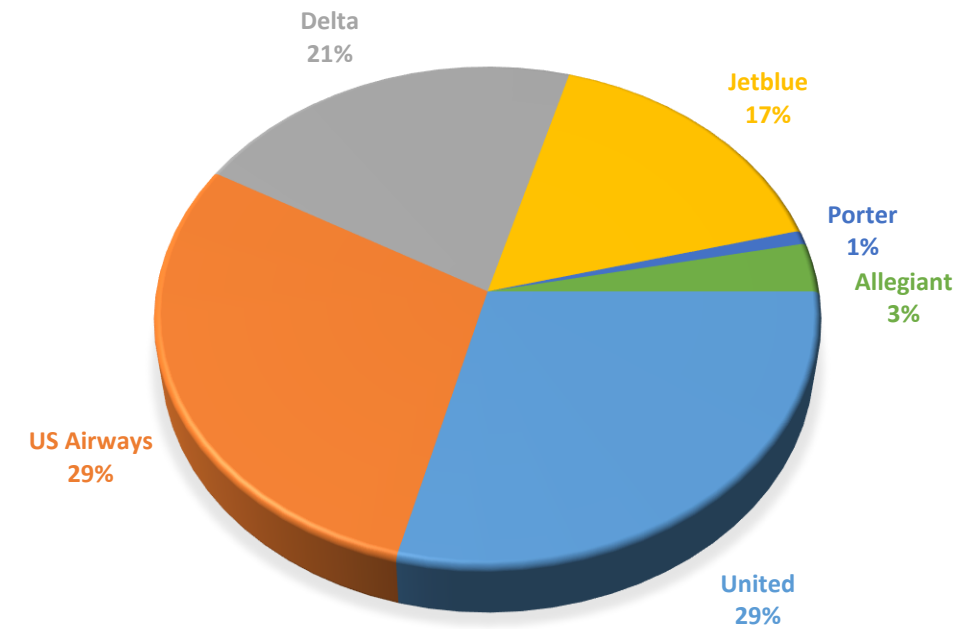
Airport Facilities



Daily Non-Stop Service to Key Hubs

Non-stop 12 markets to/from BTV:

- **Delta Airlines:** Atlanta (ATL), Detroit (DTW), New York (LGA)
- **United Airlines:** Chicago (ORD), Newark (EWR), Washington DC, (IAD)
- **JetBlue Airways:** New York (JFK)
- **US Airways:** Philadelphia (PHL), Washington DC (DCA)
- **Porter Airlines:** Toronto (YTZ) *Seasonal*
- **Allegiant Airlines:** Sanford/Orlando (SFB)



Airline Passenger Share
CY 2015

Approximately 60% Leisure, 40% Business

AMERICAN AIRLINES WILL START SERVICE TO CHARLOTTE, NC (CLT) IN AUGUST








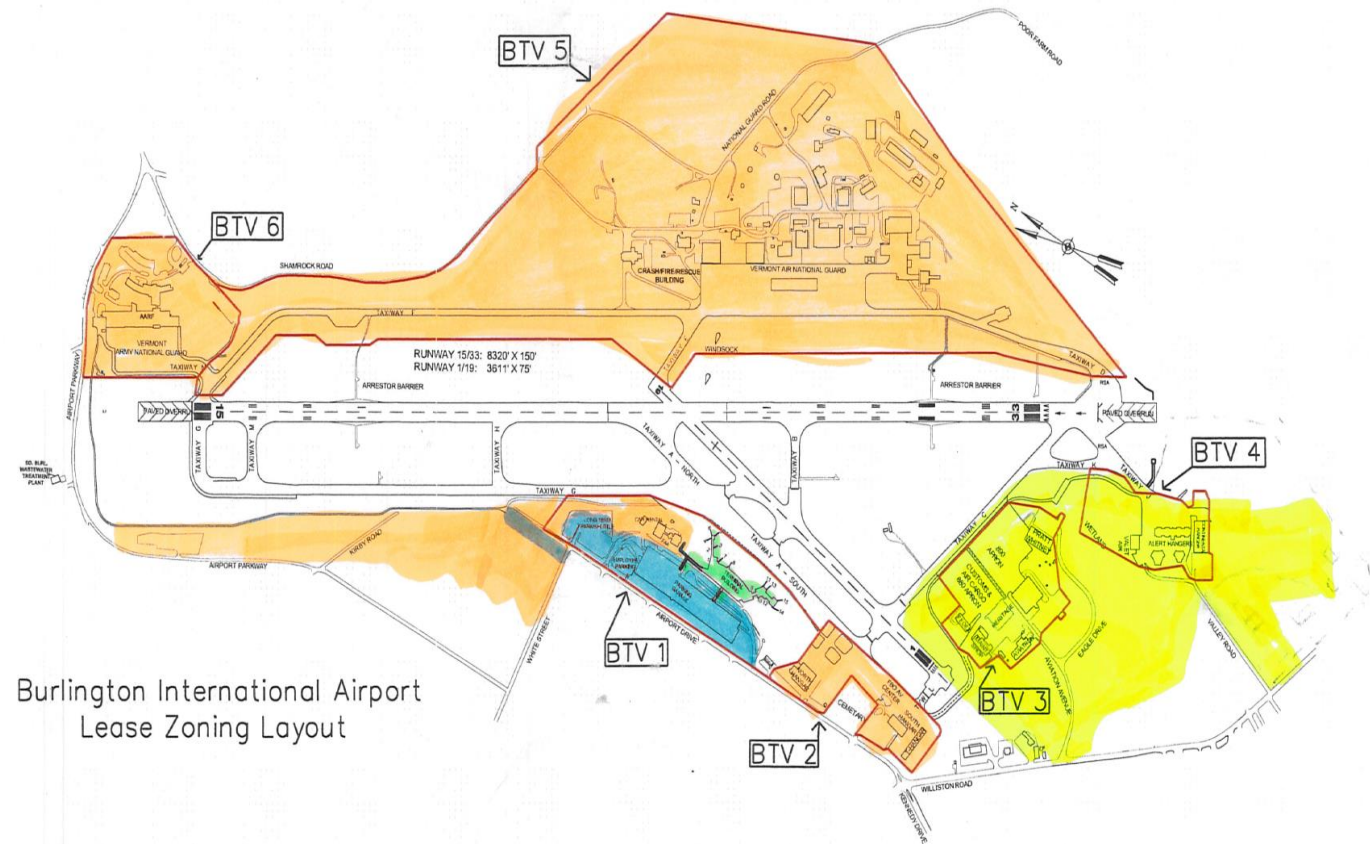
BTV At a Glance

- BTV is working to increase air service and the number of affordable flight options.
- Slight increase in passenger enplanements (1.5%) expected in FY 2016. Total passengers is approximately 1.2 million.
- BTV is the main commercial facility providing scheduled air service to central and northern Vermont and the surrounding area, including Quebec and New York.
- BTV's budget is divided by cost center which includes Administration, Terminal, Airfield, Industrial Park, and Other buildings. The next page shows the costs center in relation to Airport property. In addition, BTV receives funds from the Federal Airport Improvement Program (AIP).



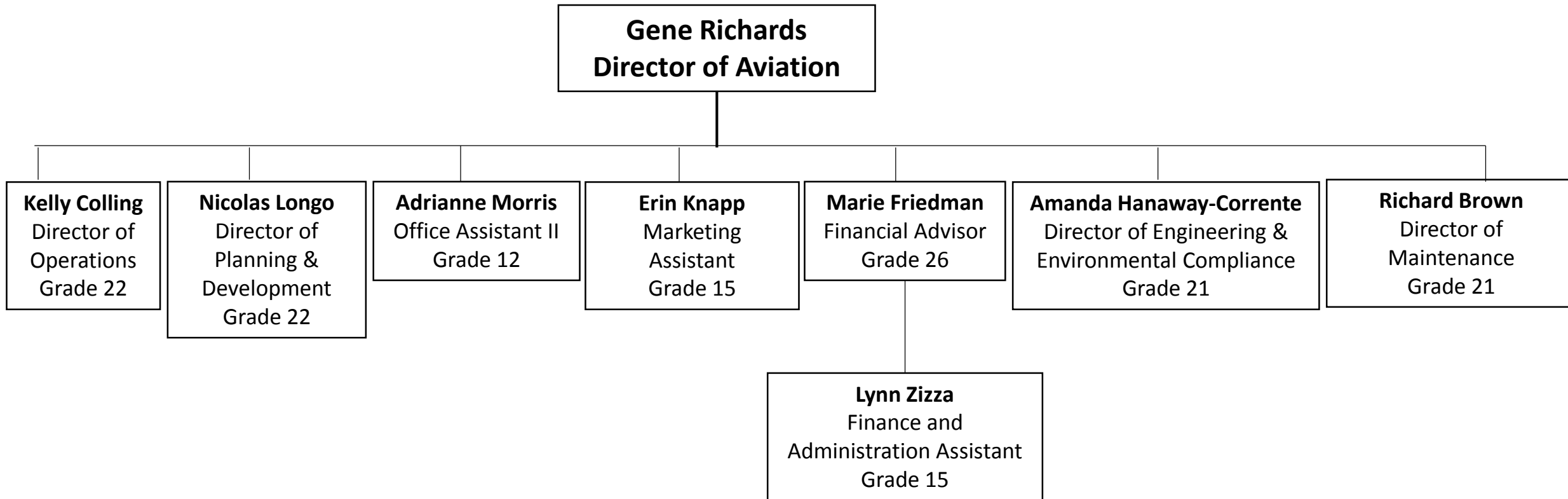
Airport Cost Centers

-  Parking
-  Other Properties
-  Terminal
-  Airfield
-  Industrial Park

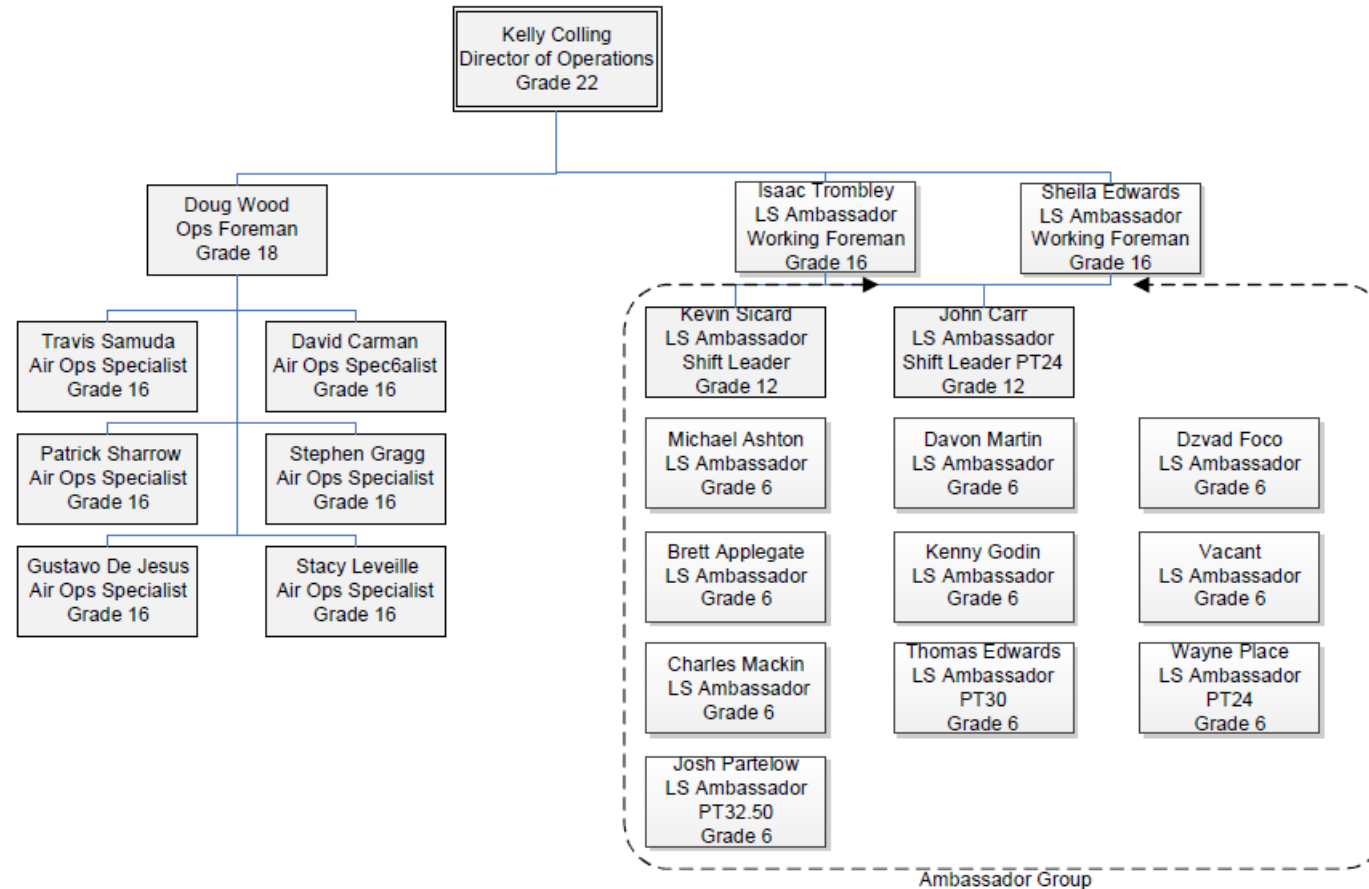


Burlington International Airport
Lease Zoning Layout

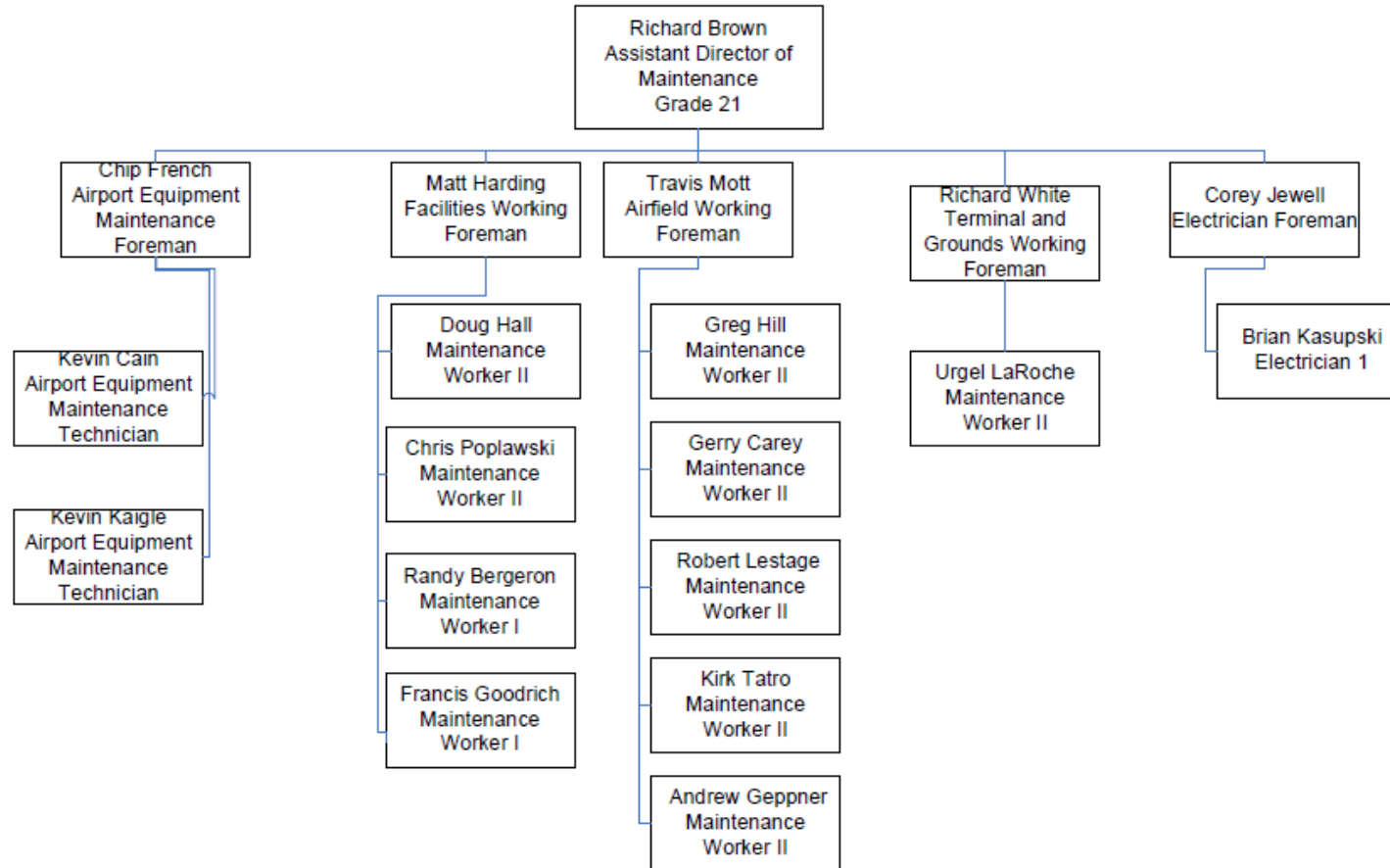
Organizational Chart, page 1



Organizational Chart, page 2



Organizational Chart, page 3



Fiscal Challenges for FY 16

- Present a balanced budget
- Control expenditures and run a lean and mean operationBudget realistic revenue stream. Working to complete Airline and Car Rental Lease agreements, effective July 1st.
- Collaborate with other departments who provide BTV services for fair interdepartmental charges. These charges make up 11.9% of operating budget.
- Continue legal course to resolve tax dispute with City of South Burlington. Included in expenditures budget is \$1,553,000 for taxes, or approximately 11% of our operating budget (excluding debt and capital).
- Work to increase Air service and bring additional affordable options for our customers
- Continue to improve BTV's financial strength by increasing cash reserves

Key Goals

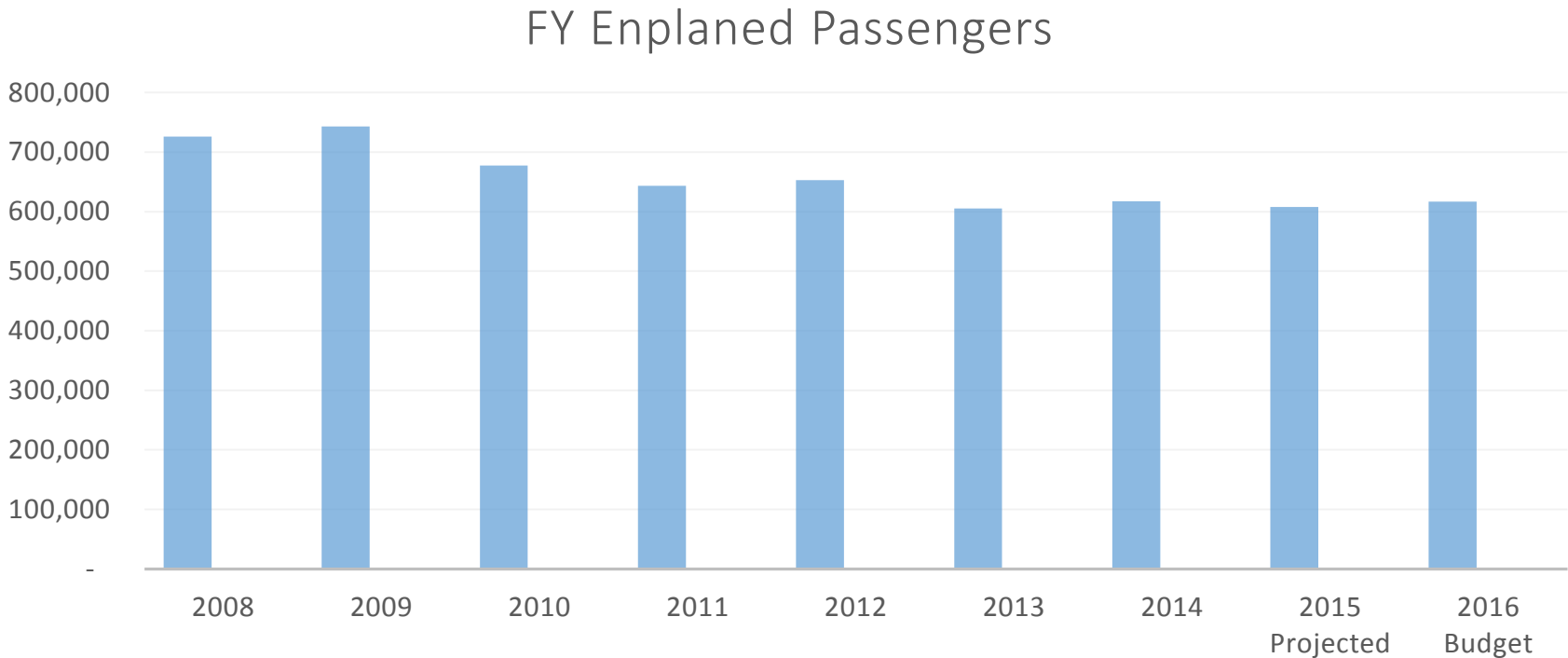
Area	Objective
Air Service & Marketing	Maintain marketing efforts to promote new air service opportunities, including increasing affordable flight options. Sign new Airline lease contracts by 1 st quarter FY 16.
Safety & Security	Meet obligations for ensuring a safe and secure facility for the traveling public
Debt Service Coverage	Maintain total DSCR at 1.40x or better
Reserves	Long term objective to increase unrestricted cash balances to provide financial flexibility and address rating agency/investor concerns. Increase cash position from 160 to 200 days cash on hand.
Compliance	Comply with all regulatory, legal and contractual obligations
Asset Management	Maintain infrastructure with adequate repair and maintenance program. Make smart equipment purchases that support Airport goals.

Fiscal Changes for FY 16

- Increase in revenues primarily from Terminal Rent increase from \$53 to \$56 of rent per square foot.
- Reduction in budgeted garage revenues which declined in FY 15.
- Health and Worker's Compensation have significant increases (38% & 21%, respectively). FY15 saw significant increases in Utilities as well, and the FY 16 line items reflect this.
- Increased budget for Repairs and Maintenance to reduce deferred maintenance items
- One year savings in Bond principal



Conservative EPAX Assumptions

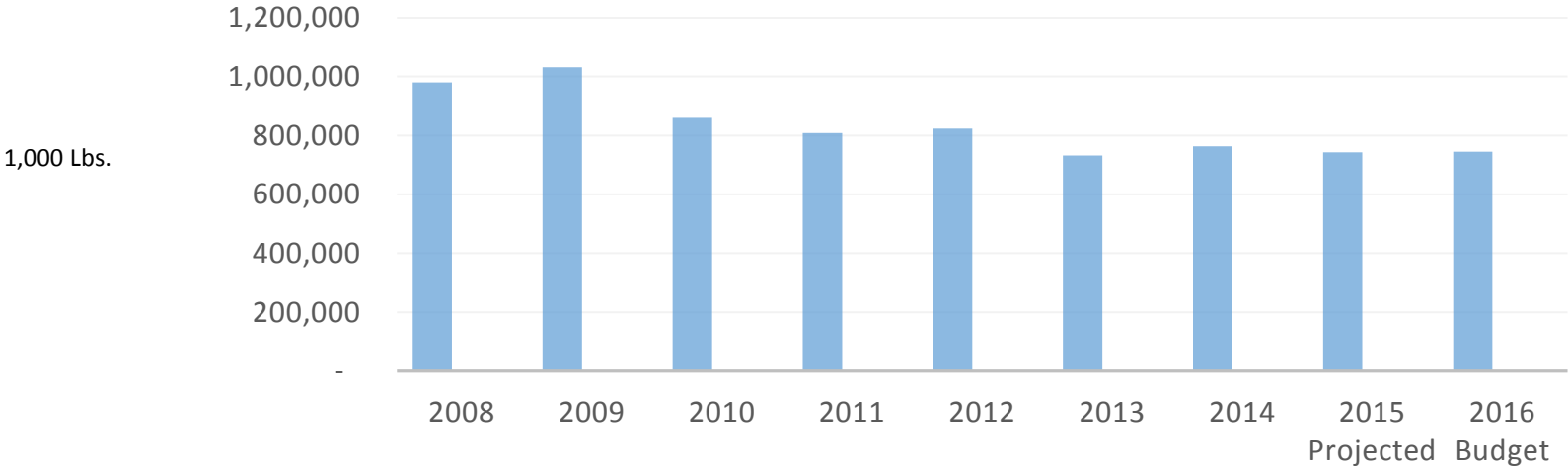


1.5% increase in 2016
EPAX vs. 2015 Projected

	2008	2009	2010	2011	2012	2013	2014	2015 Projected	2016 Budgeted
EPAX	725,843	743,248	677,468	643,683	652,793	605,505	617,301	608,000	617,000
% Change	2.0%	2.4%	-8.9%	-5.0%	1.4%	-7.2%	1.9%	-1.5%	1.5%

Conservative Landed Weight Assumptions

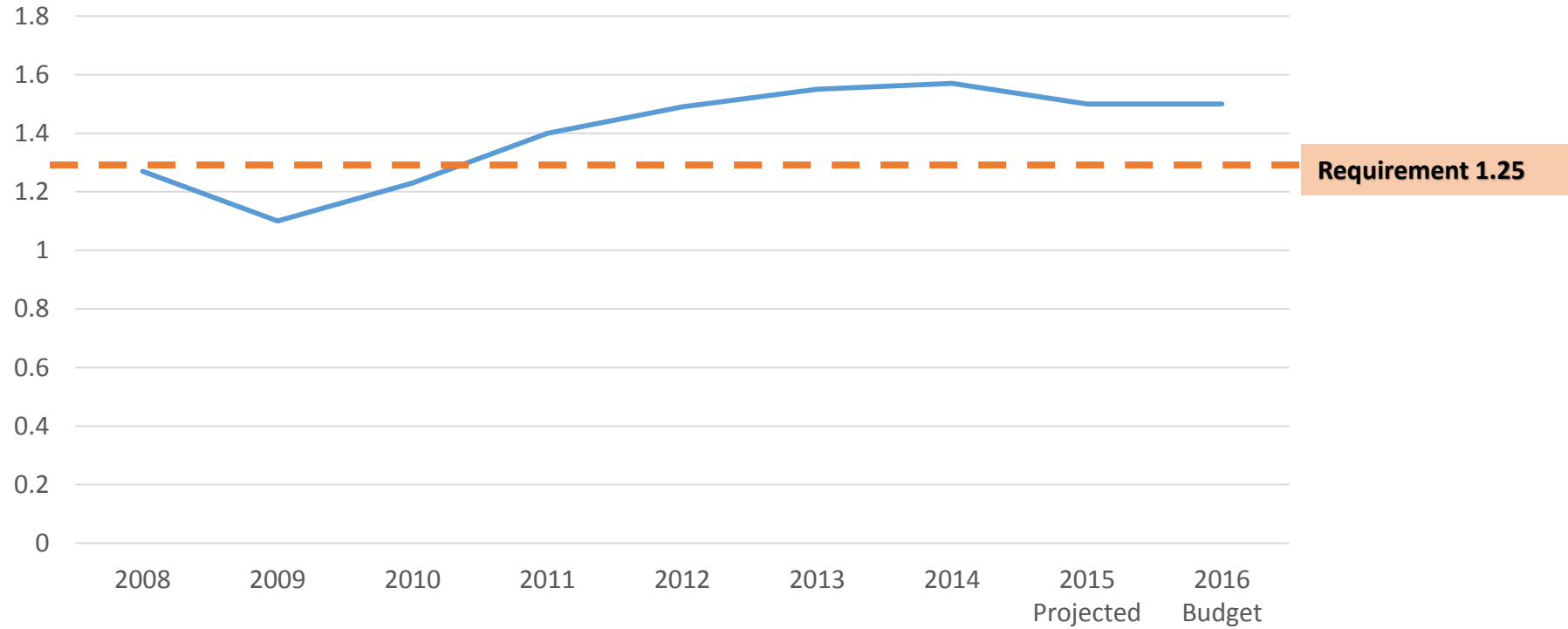
FY Landed Weights



Stable 2016 landed weight vs. 2015 Projected

	2008	2009	2010	2011	2012	2013	2014	2015 Projected	2016 Budget
Total	980,150	1,031,229	859,524	808,541	823,470	731,648	762,700	743,000	745,200
% Change		5.2%	-16.7%	-5.9%	1.8%	-11.2%	4.2%	-2.6%	.3%

Debt Service Coverage Ratio Above 1.40x Goal



	2008	2009	2010	2011	2012	2013	2014	2015 Projected	2016 Budget
Debt Service Coverage (x)*	1.27	1.10	1.23	1.40	1.49	1.55	1.57	1.50	1.50

* Includes additional 25% of PFC revenues pledged to pay debt service

Projected Short Term Borrowing

(\$ 000)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Grant Anticipation Note	\$0	\$0	\$0	\$0	\$2,494	\$3,000	\$0	\$5,000	\$5,000
Revenue Anticipation Note	0	0	0	5,000	5,000	3,000	0	0	0
Bond Anticipation Note	0	0	0	12,000	12,000	0	0	0	0

Required Reserves Fully Funded

Required Reserves (000)	2010	2011	2012	2013	2014	2015	2016 Budget
Debt Service Reserve Fund*	\$902	\$902	\$4,385	\$4,016	\$4,236	\$3,929	3,930
O&M Reserve Fund	-	-	1,472	3,099	3,155	3,287	3,290
Renewal & Replacement Fund	-	-	215	259	215	215	215

* Balance of required debt service reserve fund was in surety bonds. City decided to cash fund reserves in 2012.